

## Message Text

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ORIGIN OPIC-06

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 /080 R

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R 272018Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK

C O N F I D E N T I A L STATE 204150

E.O. 11652: GDS

TAGS: EINV

SUBJECT: OPIC POLICY ON THAILAND

REF: (A) BANGKOK 16623 (B) STATE 185673

1. OPIC APPRECIATES EMBASSY COMMENTS RE POLICY SET FORTH IN REF A. DEPARTMENT HAS ALSO REQUESTED THAT OPIC REVIEW APPROPRIATENESS OF POLICY AT THIS TIME IN LIGHT OF CONSIDERATIONS SET FORTH IN REF A, AND OPIC IS PRESENTLY DISCUSSING THE MATTER WITH DEPARTMENT OFFICIALS. ALSO, OPIC WILL REVIEW TRAVEL PLANS OF ITS SENIOR OFFICIALS IN EFFORT TO SCHEDULE POSSIBLE THAILAND VISIT. FOR EMBASSY BACKGROUND, AND IN ORDER TO ASSIST EMBASSY IN EXPLAINING MATTER IN MEANTIME IF NEED ARISES, PARAGRAPHS 2 AND 3  
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PROVIDE FULLER EXPLANATION OF POLICY INDICATED IN REF B.

2. EMBASSY CONCERN THAT OPIC IS GIVING A "VOTE OF NO CONFIDENCE" IN THAILAND AND IS CURTAILING OPERATIONS THERE IS MISPLACED. OPIC IS CONTINUING TO OFFER NEW INSURANCE IN THAILAND. IF OPIC DID NOT HAVE CONFIDENCE IN THAILAND IT WOULD NOT OFFER ANY INSURANCE AT ALL. IN LIGHT OF CONSIDERATIONS SET FORTH PREVIOUSLY BY OPIC AND CAUTIOUS

APPROACH ENDORSED EARLIER BY EMBASSY, HOWEVER, OPIC HAS FELT IT DESIRABLE TO MANAGE THE RATE OF GROWTH OF ITS THAI INSURANCE PORTFOLIO IN THE MONTHS AHEAD.

3. IN THE PRECEDING TWO FISCAL YEARS OPIC HAS WRITTEN APPROXIMATELY 7 MILLION DOLLARS OF NEW INSURANCE (MAXIMUM CONTINGENT LIABILITY) PER YEAR IN THAILAND. OPIC'S PRESENT PLANS FOR THIS FISCAL YEAR CALL FOR IT TO CONTINUE TO INCREASE ITS EXPOSURE IN THAILAND BY THE SAME AMOUNT AS IN THE PRIOR TWO YEARS. THIS WOULD PRODUCE A RATE OF GROWTH IN OPIC'S INSURANCE EXPOSURE IN THAILAND OF APPROXIMATELY 8 TO 10 PERCENT PER ANNUM, WHICH IS MUCH GREATER THAN THE RATE OF GROWTH IN OPIC'S WORLD-WIDE PORTFOLIO. BASED ON PRESENT PROJECTIONS OF CONTRACTS THAT MAY BE WRITTEN DURING THIS FISCAL YEAR IT IS LIKELY THAT THE ABOVE WILL LEAD TO LESS THAN 90 PERCENT COVERAGE BEING OFFERED ON NEW INVESTMENTS IN THIS PERIOD. THE

INCREASED COINSURANCE FACTOR WILL ENABLE OPIC TO ENCOURAGE A GREATER DOLLAR VOLUME OF U.S. INVESTMENT IN THAILAND THAN IN EACH OF THE LAST TWO YEARS, WHILE KEEPING OPIC'S INCREASE IN EXPOSURE AT HISTORIC LEVELS. OPIC WILL CONTINUE TO PROCESS NEW APPLICATIONS AND WILL KEEP THE FILES OPEN ON NEW INVESTMENTS INSURED DURING THE YEAR, SO AS TO MAINTAIN THE OPTION OF INCREASING THE INSURANCE IN FORCE ON THOSE NEW INVESTMENTS IF THIS APPEARS DESIRABLE IN LIGHT OF PRECEDING CONSIDERATIONS AND OF OTHER CIRCUMSTANCES. OPIC BELIEVES THAT POLICY OF ISSUING NEW INSURANCE FOR THAILAND AT AVERAGE LEVELS FOR PRECEDING TWO YEARS REPRESENTS PRUDENT "EVEN KEEL" APPROACH AT THIS TIME. IN THE MEANTIME, OPIC WILL CONTINUE TO REVIEW CONDITIONS AND DEVELOPMENTS WHICH COULD AFFECT APPRO-

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PRATENESS OF OPIC'S POLICY, AND IN ANY EVENT WILL EFFECT SUCH A REVIEW WITHIN SIX MONTHS.

4. WE WILL ADVISE EMBASSY IN SUBSEQUENT CABLE AS TO ANY MODIFICATIONS IN REFERENCED POLICY AS RESULT OF DISCUSSIONS REFERRED TO ABOVE. INGERSOLL

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## Message Attributes

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**Disposition Case Number:** n/a  
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**To:** BANGKOK  
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